

## Message Text

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ORIGIN EB-07

INFO OCT-01 ISO-00 NEA-09 AGR-05 COME-00 STR-01 TRSE-00

SS-15 NSC-05 CIAE-00 INR-07 NSAE-00 RSC-01 L-02 TAR-01

H-01 SP-02 IO-10 /067 R

66619

DRAFTED BY EB/OT/GCP:DTMORRISON

APPROVED BY EB/OT:CWSCHMIDT

EB/CBA:JBILLER(INFO)

NEA/BLC:JKMATTER(INFO)

AGRICULTURE:GWHITE(INFO)

COMMERCE:FABBUHL(INFO)

STR:LGRAEF(INFO)

TREASURY: WBARREDA/JGORLIN(INFO)

NEA/IAI:EBIZIC

EB/OT/GCP:DDUNFORD

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P R 292238Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY TEL AVIV PRIORITY

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

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E.O.11652:NA

TAGS: ETRD, IS

SUBJECT: ISRAEL AND GSP: JAN. 27 SCHMIDT-RAFF MEETING TO  
DISCUSS REQUIREMENTS FOR ISRAELI ELIGIBILITY FOR GSP

1. AT US REQUEST, MEETING WAS HELD JAN. 27 BY OFFICE  
OF INTERNATIONAL TRADE DIRECTOR CARL SCHMIDT WITH  
ISRAELI EMBASSY ECON COUNSELOR EYTAN RAFF TO DISCUSS  
PROVISIONS OF TRADE ACT RELATING TO GENERALIZED PRE-  
FERENCES (GSP), PARTICULARLY SECTION 502(B)3 WHICH  
SPECIFIES ACTIONS GOI WOULD HAVE TO TAKE TO ASSURE  
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ELIMINATION OF SIGNIFICANT ADVERSE EFFECT OF PREFERENCES

ACCORDED TO EC SUPPLIERS.

2. RAFF INDICATED AWARENESS OF JAN. 13 LETTERS SENT BY PRESIDENT TO HOUSE AND SENATE TO INITIATE CONGRESSIONAL CONSULTATIONS WHICH CONTAINED (A) LIST OF COUNTRIES WHICH PRESIDENT INTENDED TO DESIGNATE INITIALLY AND (B) LIST OF COUNTRIES WHICH MAY BE DESIGNATED ONCE CERTAIN DETERMINATIONS ARE MADE OR STATUTORY CONDITIONS MET. THIS DESIGNATION REQUIRED PRIOR TO BEGINNING OF INTERNATIONAL TRADE COMMISSION HEARINGS ON PROPOSED PRODUCT COVERAGE WHICH ARE EXPECTED TO TAKE SIX MONTHS. RAFF MADE NO COMMENT WITH RESPECT TO ISRAEL'S INCLUSION ON LIST B (POTENTIALLY ELIGIBLE COUNTRIES).

3. NOTING GOI'S STRONG INTEREST IN QUALIFYING FOR GSP BENEFITS, SCHMIDT PROPOSED THAT NOW MIGHT BE A GOOD TIME FOR THE ISRAELI EMBASSY TO MOVE AHEAD WITH ACTIONS WHICH WOULD BE NEEDED IF ISRAEL WERE TO MEET THE REQUIREMENTS OF SECTION 502(B)3 ON PREFERENCES. SPECIFICALLY, IT WOULD BE BEST FOR THE GOI TO START BY PROVIDING A NOTE STATING THE GOI'S READINESS TO BEGIN DISCUSSIONS ON MUTUALLY AGREED TARIFF REDUCTIONS WHICH GOI MUST IMPLEMENT PRIOR TO JAN. 1, 1976 IN ORDER TO MEET SECTION 502(B)3 REQUIREMENTS. SUCH DISCUSSIONS (GSP BY ITS UNILATERAL NATURE IS NOT FORMALLY "NEGOTIABLE") SHOULD BE BASED GENERALLY ON THE PRODUCT LIST PROVIDED TO THE GOI AT THE TIME OF THE U.S.-ISRAEL TRADE SUBCOMMITTEE MEETING IN JERUSALEM, OCT. 30 THROUGH NOV. 1, 1974. SCHMIDT NOTED ALSO THAT U.S. CONCERNS ABOUT THE EFFECTS OF ISRAELI REVERSE PREFERENCES HAVE BEEN MADE KNOWN TO THE GOI BOTH IN THE SUBCOMMITTEE MEETINGS AND IN PREVIOUS CONSULTATIONS. RAFF ASKED IF USG HAD RECEIVED RESPONSE TO PRODUCT LIST AND WAS INFORMED THAT NO GOI RESPONSE RECEIVED TO DATE.

4. RAFF RECALLED THAT GOI HAD GIVEN ASSURANCES SIMILAR TO THOSE REQUESTED PARA 3 IN SUMMARY OF OCTOBER 30 THROUGH NOV. 1 1974 TRADE SUBCOMMITTEE MEETING BUT AGREED TO PROPOSE SUBMISSION OF REQUESTED NOTE TO JERUSALEM. HE DID NOT FORESEE THAT THIS WOULD POSE PROBLEM FOR GOI.

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RAFF ASKED WHEN USG WOULD BE PREPARED TO BEGIN DISCUSSIONS AND WAS INFORMED THAT USG WOULD REQUIRE VERY LITTLE FURTHER PREPARATION SO COMMENCEMENT IN VERY NEAR FUTURE SHOULD BE POSSIBLE.

5. SCHMIDT INDICATED TO RAFF THAT QUESTION OF ISRAEL'S STATUS AS DEVELOPING COUNTRY FOR GSP PURPOSES NOT YET FULLY RESOLVED AMONG INTERESTED USG AGENCIES IN LIGHT OF

ISRAEL'S RELATIVELY HIGH PER CAPITA INCOME. SCHMIDT ALSO INDICATED MORE WIDELY SHARED USG CONCERN THAT US EXTENSION OF GSP TO BORDERLINE" COUNTRIES SHOULD NOT LEAD TO SHIRKING OF RESPONSIBILITIES (E.G.,MTN CONCESSIONS, CEREAL STOCKPILING, OR OTHER SUPPORT OF INTERNATIONAL PROGRAMS) BY ISRAEL OR BY OTHER COUNTRIES SIMILARLY CAPABLE OF MAKING SUBSTANTIAL AND IMPORTANT CONTRIBUTIONS TO SUCH NEGOTIATIONS OR PROGRAMS. SCHMIDT SUGGESTED IT WOULD BE USEFUL TO INCLUDE IN PROPOSED GOI NOTE ASSURANCES THAT CONSIDERATION OF ISRAEL AS DEVELOPING COUNTRY FOR GSP PURPOSES WOULD NOT LESSEN ISRAELI PARTICIPATION IN AND CONTRIBUTIONS TO SUCH ACTIVITIES. KISSINGER

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**Disposition Approved on Date:**  
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